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August 3, 2000

Via Facsimile & Overnight Mail

Carol Ropski
U.S. EPA - Region 5
Emergency Enforcement & Support
Section SE-5J
77 West Jackson Boulevard
Chicago, IL 60604

**Re: Nicor Gas Mercury Sites
Response to General Notice of Potential Liability &
Request for Information Pursuant to Section 104(e) of CERCLA**

Dear Ms. Ropski:

This correspondence shall constitute the formal response of Nicor Gas ("Nicor") to the letter, dated July 31, 2000, from Mr. Richard C. Karl, Chief of the Emergency Response Branch at U.S. EPA, Region V, providing Nicor with general notice of potential liability and requesting certain information pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 et. seq. in connection with the discovery of mercury at several sites in the Chicago metropolitan area.

By way of background, on July 20, 2000, Nicor received notice of the apparent mishandling of mercury by one of its contractors in connection with the replacement of gas regulators at several residences in Mount Prospect, Illinois. Upon receipt of that notice, Nicor immediately mobilized its emergency response team to the identified sites to conduct a comprehensive investigation and perform appropriate response actions to ensure the safety of the public and the protection of the environment. As you know, the response actions undertaken by Nicor to date, with the approval and cooperation of U.S. EPA, have included, among other actions, extensive site sampling and assessment activities, substantial cleanup and decontamination work, and the completion of confirmatory sampling to ensure the safety of the identified sites. As appropriate and as directed by U.S. EPA, Nicor has also relocated residents and coordinated appropriate medical monitoring during the pendency of these response actions. Since receiving notice of this potential problem, Nicor has also commenced an investigation for the purpose of confirming that regulator replacement activities performed by its contractors have not created any concerns at other sites.

Carol Ropski
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The Company is committed to continuing to undertake all appropriate response actions as mutually agreed to by U.S. EPA, Nicor and any responsible contractors in connection with this matter to ensure the protection of public health and the environment. Of course, as it has since the inception of this matter, Nicor will continue to cooperate fully and coordinate all of these response activities with U.S. EPA and appropriate state and local authorities.

With respect to the Agency's request for information, enclosed you will find responsive information and documentation that Nicor has been able to identify in the limited time provided by U.S. EPA within which to respond. As indicated in the enclosed responses, Nicor's investigation into these matters is continuing and this response will be timely supplemented as appropriate. Additionally, while the request for information is objectionably vague and overbroad, Nicor has attempted to provide as much information as possible within reasonable constraints. Most significantly, given the limited scope of the contractor services implicated in this matter and references in the Agency's request to regulator replacement work completed in the past two years, Nicor has confined its investigation and the information provided in the enclosed response to this identified time frame.

While Nicor is committed to continuing to ensure that all efforts are undertaken to protect the health and safety of the public and to address any potential threats to the environment, Nicor affirmatively denies any liability and expressly reserves its right to contest any allegations made against it in this matter. Furthermore, none of the considerable response actions undertaken by Nicor both now or in the future, nor any information provided in the enclosed responses, should be construed as an admission of liability or a waiver of any applicable privileges.

We should point out that certain documents provided in our response are considered to contain confidential information. We request that those documents stamped "Confidential" be maintained and handled as Confidential Business Information ("CBI"), consistent with U.S. EPA regulations regarding CBI material.

If you have any questions regarding this submittal, please contact me at the above number.

Very truly yours,



Angela Foster-Rice

Enclosures

cc: Richard Tappan
Alexander Allison, Esq.
John Rousakis, Esq.

Nicor Gas
Response to Section 104(e) Request for Information

1. Describe the process in which Nicor Gas and/or its contractor, Henkels & McCoy, was using in the removal of mercury regulators.

RESPONSE:

The process used by Nicor Gas ("Nicor") to remove mercury regulators is outlined in Section 40(E) of the Safety Program Manual, included herein as Attachment 2. In regard to the process used by Henkels & McCoy, it is our understanding that Henkels & McCoy will be providing U.S. EPA with a description of their procedures.

2. Describe the size of the vials that were removed by Nicor Gas and/or Henkels & McCoy.

RESPONSE:

There are two different types of mercury regulators which have been installed in Nicor's distribution system. According to manufacturer specification, the maximum amount of mercury used in regulators manufactured by Economy Governor Company is 4 ounces, and the maximum amount of mercury used in regulators manufactured by Reynolds Gas Regulator Company is 1.5 ounces. Nicor's own previous measurements have indicated that the two different types of mercury regulators contained 0.223 pounds of mercury (0.55 cubic inches) and 0.172 pounds of mercury (0.43 cubic inches).

3. How many mercury regulators have been removed by Henkels & McCoy or any other contractor in the past two years?

RESPONSE:

At present, Nicor has not been able to conclusively determine the number of mercury regulators removed by Henkels & McCoy or any other contractor in the past two years. Based on the best information available to date, it is Nicor's understanding that Henkels & McCoy may have performed contractor services at 86 sites where mercury regulators are believed to have been present. A preliminary list of these sites is provided as Attachment 1 to this response. At this time, Nicor has not yet determined at which of these possible sites Henkels & McCoy, rather than Nicor, actually removed the mercury regulators. Nicor and Henkels & McCoy are expeditiously working together to determine this information and will provide it to U.S. EPA as soon as it becomes available.

With respect to other contractors, Nicor is in the process of formally requesting information from other contractors regarding the scope and location of their services on behalf of

Nicor. Nicor is also conducting an investigation and will provide U.S. EPA with such information immediately upon receipt.

4. Estimate the amount of mercury regulators which will be removed by Henkels & McCoy or any other contractor in the future.

RESPONSE:

Nicor has currently suspended the use of contractors for the handling of mercury regulators. Nicor may revise these procedures as appropriate in the future.

5. Describe the relationship between Nicor Gas and Henkels & McCoy. Include a copy of the contract signed between the two companies.

RESPONSE:

Henkels & McCoy was retained by Nicor, as of January 1999, as an independent contractor to provide Nicor with assistance in natural gas distribution construction and maintenance work. Included as Attachment 4 is a copy of the contract entered into between Nicor and Henkels & McCoy.

6. Identify any other contractors that have been hired by Nicor Gas to perform mercury regulator removals.

RESPONSE:

Nicor has hired the following contractors during the last two years to conduct work which may have involved the removal of some type of regulator, including those that may have contained mercury. As referenced previously, Nicor has requested information and documentation from these contractors regarding the scope of services performed on behalf of Nicor. Nicor is continuing to review whether there could be any other contractors that conducted such work and will supplement this response as appropriate.

- (a) Contracting and Materials
Chicago, Illinois
- (b) Gas Distribution Contractors
Aurora, Missouri
- (c) Northern Pipeline Construction
Maple Park, Illinois
- (d) Henkels & McCoy
Addison, Illinois

7. When did Nicor Gas or its predecessor begin using mercury regulators?

RESPONSE:

Nicor is still researching when the Company first began installing mercury regulators, however, Nicor does know that they stopped installing mercury regulators in the early 1960s.

8. When did Nicor Gas begin phasing out mercury regulators?

RESPONSE:

Nicor ceased installing mercury regulators in the early 1960s when newer technology became available. Since that time, mercury regulators have been replaced as Nicor's normal and customary service has required the installation of new equipment.

9. What kind of program is in place to address OSHA concerns for removal and proper disposal of mercury?

RESPONSE:

Nicor requires all employees who may handle mercury to complete a training program conducted by Nicor's Safety Department. These employees also receive refresher training on an annual basis. Information regarding the content of this training program and the safety procedures associated with mercury handling are included as Attachments 2 and 3 to this response.

10. Describe the training provided for individual workers who perform the removal of mercury regulators.

RESPONSE:

Please see the responses provided to Questions 1 and 9.

11. Identify all residences that have had mercury regulators removed by Henkels & McCoy or any other contractor. For each regulator removal, include the names, addresses and phone numbers for each residence, the date that the regulator was removed, and who was responsible for the regulator removal.

RESPONSE:

As set forth in Nicor's response to Question 3, Nicor has determined that mercury regulators may have been present at 86 sites at which Henkels & McCoy performed contractor

services on behalf of Nicor. This information was generated through a laborious review of Nicor records, including previous service pipe history records generated prior to 1998, and, what is referred to as CAD history. While not completely accurate in all instances, these records offer the best information regarding this issue. At present, Nicor and Henkels & McCoy are in the process of determining at which sites Henkels & McCoy actually removed the mercury regulators. Nicor will supplement this response if additional information is gained in the discussions with Henkels & McCoy. Nicor will also provide additional information regarding other contractors after it has reviewed records regarding such contractor work. Enclosed at Attachment 1 is the preliminary list of potential Henkels & McCoy sites.

CERTIFICATION

The undersigned states that, to the best of the undersigned's knowledge and belief, the information contained in this response is true and accurate. In addition, the documents submitted pursuant to the information request are true and authentic to the best of the undersigned's knowledge and belief.

Richard J. Tappan

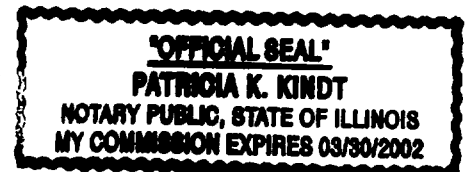
State of Illinois,

County of DuPage;

Sworn to before me and subscribed in my presence by Richard J. Tappan, this
2nd day of August, 2000.

Patricia K. Kindt
Notary Public

My Commission expires: March 30, 2002



ATTACHMENTS

REDACTED

**NOT RELEVANT TO THE SELECTION OF
THE REMOVAL ACTION**